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Message Text

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PAGE 01 STATE 202210

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FOL RPT OTTAWA 3246 ACTION SECSTATE 11 AUG QUOTE

S E C R E T OTTAWA 3246

EXDIS

FOR SECRETARY FROM ENDERS

E.O. 11652: GDS
TAGS: OVIP (KISSINGER, HENRY A.)
SUBJ: YOUR MEETING WITH MACEACHEN AUGUST 17-18

1. AS YOU KNOW, MACEACHEN WILL WISH TO USE HIS MEETING WITH YOU TO DEMONSTRATE THAT RELATIONS WITH THE UNITED STATES ARE IN GOOD SHAPE DESPITE WIDESPREAD, PERSISTENT FEELING IN THE CANADIAN PRESS AND PUBLIC THAT THIS IS NOT THE CASE. THIS IS ALL THE MORE IMPOGANT TO HIM AFTER PUBLICATION IN JULY OF THE REPORT OF THE PRESTIGIOUS CANADIAN AMERICAN COMMITTEE OBLIGED HIM TO CHANGE HIS USUAL PUBLIC STAND AND ACKNOWLEDGE THAT THERE ARE "TENSIONS."

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PAGE 02 STATE 202210

2. AS YOU HAVE TOLD ME, OUR OBJECTIVES ARE SIMILAR.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

3. BUT CLEARLY AT THE UPCOMING MEETING WE WILL NEED MORE THAN ATMOSPHERICS. THERE ARE AS I SEE IT THREE PRESSING ISSUES ON WHICH WE WILL NEED CANADIAN ACCOMMODATION (BORDER TV, BOUNDARY NEGOTIATIONS, LOS). AFTER THE HISTORY OF UNILATERAL ACTIONS BY CANADA AFFECTING U.S. INTERESTS OVER THE PAST TWO YEARS (GAS PRICE HIKES, OIL SUPPLY PHASE-OUT, POTASH, INVESTMENT RESTRICTIONS, TIME MAGAZINE) IT WOULD NOT BE CREDIBLE TO PROCLAIM A SUCCESSFUL MEETING WITHOUT SUBSTANTIVE MOVEMENT BY CANADA ON THOSE THREE ISSUES.

4. IN ADDITION, THIS IS THE RIGHT TIME TO REMARK THAT THE PUBLIC PERCEPTION OF OUR BILATERAL RELATIONSHIP IS TILTED TOO HEAVILY BY OUR DIFFERENCIES, AND WOULD BENEFIT BY THE PROMOTION OF MORE COOPERATIVE PROJECTS. IF YOU LOOK AT THE LAST FIVE YEARS, IT IS HARD TO FIND ANY MAJOR NEW COOPERATIVE VENTURES, ASIDE THE RECENT ANTI-SUBMARINE WARFARE PLANE BUY. OIL AND GAS TRANSMISSION ARE UPCOMING OPPORTUNITIES FOR US BOTH. YOU COULD APPROPRIATELY MAKE THE POINT ABOUT THE NEED FOR MORE COOPERATIVE PROJECTS IN YOUR TOAST.

5. THERE FOLLOWS A BRIEF DISCUSSION OF EACH OF THE ISSUES ON WHICH MOVEMENT IS NEEDED.

6. BORDER TV. IT IS A MINOR ISSUE COMMERCIALLY (ONLY SOME $20 MILLION INVOLVED) BUT IT COULD HAVE A DECISIVE IMPACT ON U.S.-CANADA RELATIONS, BECAUSE OF THE SYMBOLISM INVOLVED (CANADIANS CUTTING THE COMMERCIALS OUT OF OUR SIGNALS AND SUBSTITUTING THEIR OWN), BECAUSE OF WIDESPREAD BIPARTISAN CONGRESSIONAL INTEREST, AND BECAUSE OF HIGH POTENTIAL MEDIA INTEREST. DESPITE REPEATED APPROACHES AT EVERY LEVEL, INCLUDING TRUDEAU, CANADA HAS SO FAR MADE NO ACCOMMODATION AT ALL ON EITHER THE TAX OR THE COMMERCIAL DELETION ASPECTS OF THE PROBLEM. INDEED, THE CABINET SEEMS DETERMINED TO GO AHEAD IN SEPTEMBER AND WITHDRAW TAX DEDUCTIONS FROM CANADIAN ADVERTISERS USING US BORDER TV. MACEACHEN'S MINISTRY KEEPS TALKING ABOUT COMPROMISE PROPOSALS ON DELETION, BUT WE HAVE NO EVIDENCE OF THEIR

PUSHING THE OTTAWA AGENCIES AND DEPARTMENTS RESPONSIBLE FOR TELEVISION TO COME UP WITH SPECIFIC IDEAS. INDEED, THE CANADIANS HAVE BEEN STONEWALLING FOR TWO MONTHS OUR EFFORTS TO GET TOGETHER AT EXPERT LEVEL TO DEVELOP A SOLUTION. MACEACHEN WILL PROBABLY BE READY TO CANVASS SOME THEORETICAL SOLUTIONS, BUT MOST LIKELY WILL LACK CABINET AUTHORITY FOR ANY OF THEM. WHAT WE NEED FROM HIM IS: (A) A COMMITMENT TO DELAY WITHDRAWL OF ADVERTISING

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TAX WRITE-OFFS PENDING NEGOTIATION OF THE DELEGATION
ISSUE; (B) A FIRM COMMITMENT TO AN EARLY EXPERTS
MEETING TO CONSIDER POSITIVE PROPOSALS BY CANADA (THEY HAVE
SHOWN NO READINESS TO ACCEPT OUR COMPANIES').

7 BOUNDARY NEGOTIATIONS. UNDER YOUR PRODDING,
MACEACHEN HAS AGREED TO MAKE A MAJOR EFFORT TO SETTLE
THIS YEAR NOT ONLY OFF-SHORE FISHERIES QUESTIONS, BUT
ALSO THE EXTENSIONOF THE BOUNDARY IN THE 200-MILE
ECONOMIC ZONE. THIS IS NECESSARY TO AVOID A MAYHEM
SITUATION WHEN WE BOTH EXTEND NEXT YEAR. FISHERIES
NEGOTIATIONS ARE SCHEDULED FOR OTTAWA IN EARLY
SEPTEMBER. BOUNDARY NEGOTIATIONS CANNOT MOVE FORWARD
UNLESS BOTH SIDES STATE A WILLINGNESS TO ENTERTAIN
LINES OTHER THAN THOSE SO FAR PUT ON THE TABLE. MONROE
LEIGH IS CLEARING WITH OTHER WASHINGTON AGENCIES A
U.S. WILLINGNESS TO DO SO; OBVIOUSLY WE MUST HAVE MACEACHEN'S
AS WELL.

8. LOS. WE DO NOT YET KNOW THE FULL EXTENT OF OUR
DIFFERENCES WITH THE CANADIANS, BUT THEY ARE LIKELY TO
BE SUBSTANTIAL. AS YOU RECALL, LEARSON AND MEACEACHEN
REACHED AGREEMENT DURING THE LAST SESSION THAT CANADA
WOULD SUPPORT US ON STRAITS IF WE SUPPORTED THEM ON THE
ARCTIC POLLUTION AMENDMENT. SUBSEQUENTLY, MACEACHEN
APPEARED TO QUALIFY THIS COMMITMENT, ARGUING THAT HIS SIDE
OF THE BARGAIN WAS DEPENDENT ON CABINET AUTHORIZATION AND
COULD ONLY BE MET AT A LATER DATE. THE ARCTIC POLLUTION
ARTICLE WAS INCLUDED IN THE RSNT, WITH OUR SUPPORT, BUT
WE WILL HEAR ONLY THIS WEEKEND THE CANADIAN POSITION ON
STRAITS. THE CANADIANS MAY WELL MAKE THEIR SUPPORT ON
STRAITS CONDITIONAL ON FURTHER CONCESSIONS, NOTABLY REGARDING
MILITARY TRAFFIC. THIS CAN POSE SERIOUS DIFFICULTIES FOR
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US. A SECOND LOS ISSUE OF IMPORTANT IS DEEP SEABED MINING.
THE CANADIANS HAVE BEEN CAMPAIGNING SYSTEMATICALLY
AGAINST OUR SIX PERCENT PRODUCTION LIMIT FORMULA CLAIMING IT
WILL DAMAGE THEIR DOMESTIC INDUSTRY. HOWEVER, I SPENT
THREE HOURS WITH THE LEADING CANADIAN COMPANY (INCO) IN
TORONTO LAST WEEK AND WAS TOLD THAT CANADIAN INDUSTRY
HAS NOT ASKED AND INDEED WOULD OPPOSE OTTAWA'S REQUEST
FOR A TIGHTER FORMULA. THUS, THE CANADIAN DELEGATION'S
CAMPAIGN ON THIS ISSUE HAS ALL THE LOOK OF A SPOILING
OPERATION. GIVEN THE ALREADY ENORMOUS DIFFICULTIES IN
COMMITTEE I, WE SHOULD GET MACEACHEN TO BACK OFF
THIS ONE.
ENDERS

UNQUOTE ROBINSON

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